

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF PENNSYLVANIA**

IN RE:) **CASE NO. 17-20492 GLT**
JOSEPH CUERVO and MARY E. CUERVO,) **CHAPTER 11**
DEBTORS.)

**SUMMARY OF AMENDED CHAPTER 11 PLAN OF
REORGANIZATION DATED DECEMBER 12 , 2017**

The key features of the Debtors' amended plan of reorganization are:

1. Sale of Residence: The Debtors' residence will be sold to reduce their housing costs and fund a \$50,000 payment to the IRS on its Class 4 claim.

2. Administrative Claims (Class 3): Administrative expense claims by Debtors' counsel, Gary W. Short, the Office of the U. S. Trustee, the Clerk's Office of the Bankruptcy Court, and all other administrative claimants will be paid when payment is due or, if required, on Court approval.

3. Priority Tax Claims: IRS (\$355,340) shall be paid in full with interest of 4% in 72 equal monthly payments. Revenue (\$31,745) shall be paid in full with interest of 4% in 60 equal monthly payments.

4. Secured Claims (Classes 1 and 2): JP Morgan Chase holds two secured claims. Class 1 (\$451,261) is a mortgage against the Residence which will be paid according to the contract. Class 2 (\$20,288) is an auto loan which will be paid in full with interest (3%) in 72 equal monthly payments.

5. Class 4 Unsecured Claim: The IRS class 4 claim as filed totals \$905,781. It is estimated that the final allowed amount of the claim will be approximately \$800,000 *including in penalties*. No payment will be made on the penalties. An objection will be filed to determine the claim. The IRS shall be paid on its final allowed claim \$150,000 on the PDD and \$50,000 from the sale of the Residence within 240 days after the PDD with the unpaid balance (*excluding penalties*) paid with interest in 10 equal annual lump sum payments starting one year after the PDD *unless the IRS does not accept this treatment and its claim is re-classified as a Class 5 claim*.

6. Class 5 Unsecured Claims (\$68,768 in claims with the IRS Class 4 claim *excluded*): If Class 5 claims total less than \$100,000 (**due to the IRS accepting its Class 4 claim treatment**), such claims shall be paid 100% with interest at 3.0% in 40 equal quarterly payments commencing on the PDD unless such claimant elects to be paid a 30% lump sum payment on the PDD.

7. Class 5 Unsecured Claims (\$974,549 in claims with the IRS Class 4 claim *included*): If Class 5 claims total at least \$100,000 (**due to the IRS not accepting its Class 4 treatment and such claim being treated as a Class 5 claim**), no election of treatment is available and all Class 5 claimants shall be paid 30% of their claim without interest in 120 equal monthly payments commencing on thirty days after the Plan Confirmation Date plus an extra distribution if a recovery is made on certain accounting malpractice claims (see Plan para. 7.04).

8. Equity Security Interests: Debtors will retain their assets except the Residence.

/s/ Gary W. Short
Gary W. Short, Esquire (PA Bar I.D. No. 36794)
Counsel for the Debtors
212 Windgap Road, Pittsburgh, PA 15237
Tele. (412) 765-0100 / Fax (412) 536-3977
E-mail garyshortlegal@gmail.com